

November 2009

Pharmacy Use of Taxonomy in ProviderOne

Phase 1 implementation

The Department of Social and Health Services (DSHS) is preparing to implement a new payment processing system known as ProviderOne. When ProviderOne is implemented, providers will be required to use a pre-assigned, 10-character, alphanumeric “taxonomy” code on claims. A taxonomy code indicates a provider’s type and specialty. You will need to use taxonomy for billing and servicing (if applicable) providers on your claim in ProviderOne. The taxonomy you use must be associated to your provider file in ProviderOne and be appropriate for the service you are billing for.

The purpose of this Fact Sheet is to communicate how the Department of Social and Health Services (DSHS) will implement provider taxonomy within its new payment system, ProviderOne, and what it means for providers in terms of billing and payment.

What is taxonomy?

The general term “taxonomy” refers to a classification system. In the medical billing and payment world, “provider taxonomy” refers to the national provider classification system defined by the Centers for Medicare and Medicaid Services (CMS). This national classification system was defined as part of the National Provider Identification (NPI) rule of the Health Insurance Portability and Accountability Act (HIPAA).

The national provider taxonomy codes identify a provider’s type and area of specialization. Taxonomy codes are 10 characters in length and include both letters and numbers. The first two digits are provider type, next two digits are provider specialty, and the next five digits are the provider subspecialty. The last character is reserved for future use so it will display as an “X”.

DSHS uses a subset of the national provider taxonomy codes – those that are applicable to the services DSHS pays for.

Will pharmacy providers need to use taxonomy?

- Pharmacy providers will need to use taxonomy when submitting DDE, paper or electronic claims to ProviderOne — for example for vaccination services and durable medical equipment (DME)
- The taxonomy you use must be associated to your provider file in ProviderOne and be appropriate for the service or DME you are billing for.
- **Pharmacies will not use taxonomy when billing through the Pharmacy POS system.** Therefore, if you only bill through the Pharmacy POS system, you do **not** need to be concerned about taxonomy.

How was my taxonomy assigned?

When completing the data conversion process to transfer the current provider database into ProviderOne, DSHS mapped each of the current proprietary classifications (provider type and specialty) to an equivalent national provider taxonomy. We wanted to ensure you can bill us for at least the services you bill us for today at go-live!

How can I learn and change my taxonomies?

You can learn which taxonomies are associated to your provider file in ProviderOne by using our web-based taxonomy tool and during ProviderOne registration. You can make changes to your taxonomies if appropriate during ProviderOne registration.

Web based tool: The web based tool allows you to review and print a copy of the

taxonomies associated to your tax ID as of August 1, 2009. We will refresh the taxonomy tool about one month before ProviderOne is implemented. You cannot use the tool to make updates to the taxonomies assigned to you, only to view the taxonomies assigned to you. To use the taxonomy tool you will need your Federal Employer Identification Number (FEIN) or Social Security Number (SSN) if you use it for your tax ID. You will be able to export the data to a text or Excel file. The tool is available at <https://fortress.wa.gov/dshs/npicaphrsa>

ProviderOne Registration: Providers can view the DSHS assigned taxonomy during ProviderOne registration and make changes, if appropriate. Taxonomy information is in “Step 3: Specializations” of the Registration Wizard. You can view a demonstration on how to complete this step at <http://hrsa.dshs.wa.gov/providerone/ELearning.htm>

For more about ProviderOne registration, visit <http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm>.

Important Tips for Getting Paid:

- Verify your taxonomy during registration.
- Use your verified taxonomy for billing and servicing (if applicable) providers on your claim when billing.
- Make sure the service you are billing is allowed by the taxonomy.

How is DSHS using the national provider taxonomy?

The following table provides a quick comparison of the differences in today’s Medicaid Management Information System (MMIS) and the future ProviderOne in terms of provider taxonomy:

| Today’s MMIS | Future ProviderOne |
|--|---|
| 1. Providers have a DSHS proprietary ID – often multiple IDs to correspond to different lines of business | 1. Providers have a National Provider Identifier (NPI) obtained from the Centers for Medicare & Medicaid Services (CMS) and reported to DSHS – the number of NPIs may vary from the proprietary IDs in today’s MMIS |
| 2. DSHS assigns a proprietary classification (type and specialty) behind the scenes based on what the provider indicates on their Core Provider Agreement | 2. DSHS assigns one or multiple national provider taxonomy to each NPI based on today’s type and specialty – providers can view and update their assigned taxonomy during registration. Visit http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm for registration information. |
| 3. Claims are processed based on a provider’s proprietary classification: <ul style="list-style-type: none"> • Billed services must be allowed by the provider type and specialty | 3. Claims are processed based on the national provider taxonomy assigned by DSHS or chosen by the provider during registration: <ul style="list-style-type: none"> • Providers must include the taxonomy for <u>billing</u> & <u>servicing</u> (if applicable) providers on their claim since a single NPI can have more than one taxonomy • The taxonomy on the claim must be one of the taxonomies assigned to the NPI in ProviderOne • The billed service must be allowed by the taxonomy |

What else must I know about provider taxonomy when billing DSHS?

- Only a subset of the national taxonomies was required when mapping the current provider database to ProviderOne. Only those taxonomies shown in the drop down list in ProviderOne are being used. There are literally thousands of national taxonomies that DSHS will not be using.
- DSHS has no way of knowing which taxonomies you used when you registered your NPI at the national level – there is no national database for accessing taxonomies from CMS. Therefore, DSHS assigned taxonomies based on how we know each

- provider today.
- The service on your billed claim must be allowed by your taxonomy. For example, oxygen services require an oxygen taxonomy, durable medical equipment (DME) billings require a DME taxonomy, dental services require a dental taxonomy, etc.
- Most taxonomy codes include a broad range of services. There are some taxonomy codes, however, with quite limited approved services (e.g., ventilation/tracheotomy, alcohol and substance abuse, maternity support, and Federally Qualified Health Clinics (FQHC)/Rural Health Clinics (RHC)). For more information about taxonomy, please refer to your contract (if applicable) or Billing Instructions for your unique program.

Taxonomy Frequently Asked Questions (FAQs)

Read Numbered Memo 08-59 (August 2008) regarding the placement of taxonomy and NPI information on electronic and paper claims:

<http://hrsa.dshs.wa.gov/Download/Memos/2008Memos/08-59.pdf>

1. Why does DSHS require taxonomy on claims?

Historically, providers have billed DSHS using several Medicaid Provider Numbers – one for each line of business.

However, with the federally mandated use of National Provider Identifiers (NPI), we cannot be certain that providers will continue to have one NPI for each line of business. We are aware that several providers have fewer NPIs than legacy provider numbers. Therefore, ProviderOne will use federal taxonomy (instead of the former Medicaid Provider Number) to differentiate a provider's line of business for which they are billing.

For example, today a hospital might have five (5) separate Medicaid Provider Numbers – one for Durable Medical Equipment (DME), one for hospice services, one for inpatient services, one for laboratory services, and one for radiology services. Over time, providers learned to use their DME provider number for a DME service, their hospice provider number for a hospice service, etc., when billing DSHS. Behind the scenes, these different provider numbers mapped to a DSHS-assigned provider type and specialty (equivalent to a state defined "taxonomy"). During claims processing, the current Medicaid payment system validates that the provider's type and specialty is appropriate for the service billed.

The model is the same with ProviderOne billing, except instead of knowing which Medicaid provider number to use for billing (where each Medicaid provider number mapped to a line of business), providers need to know which federal taxonomy to use. Like the former Medicaid provider number, the federal taxonomy code is equivalent to a line of business for which the provider is billing.

For example, consider the following scenario for a hospital that has six (6) lines of business and previously had six (6) Medicaid provider numbers, but now only has three (3) NPIs:

| Medicaid ID | Type/Specialty | NPI | Federal Taxonomy |
|-------------|-----------------------|-----------|--|
| 9xxxxxx | DME | XXXXXXXX1 | 332B00000X 332BC3200X 332BD1200X 332BN1400X 332BP3500X |
| 399xxxx | Hospice | XXXXXXXX2 | 251G00000X 315D00000X |
| 3xxxxxx | Outpatient | XXXXXXXX2 | 282N00000X |
| 7xxxxxx | Laboratory | XXXXXXXX3 | 291U00000X |
| 7xxxxxx | Group Clinic | XXXXXXXX3 | 193200000X 193400000X |
| 7xxxxxx | Radiology (Physician) | XXXXXXXX3 | 2085B0100X |

| | | | |
|--|--|--|--|
| | | | 2085N0700X 2085N0904X 2085P0229X 2085R0001X 2085R0202X 2085R0203X 2085R0204X 2085R0205X 2085U0001X |
|--|--|--|--|

Because the NPI is not necessarily unique to the line of business, DSHS requires another way to validate billed services for a provider. In lieu of using unique Medicaid provider numbers as providers do today, with ProviderOne providers need to bill using the appropriate federal taxonomy. So in the above example, the provider would use the radiology taxonomy for radiology services and the laboratory taxonomy for laboratory services.

2. **How do providers know which taxonomy to use when billing ProviderOne?**

When deciding which taxonomy to bill in ProviderOne, providers should consider the line of business they are billing for, and then select the taxonomy that best describes that line of business and service rendered. Descriptions of federal taxonomy codes can be found at <http://www.wpc-edi.com/taxonomy>.

Additionally, providers should be careful and only bill using a taxonomy code that is associated with their file in ProviderOne and is validated during the registration process¹. During claims processing, ProviderOne validates that the taxonomy is associated with the provider and that the service is allowed by the taxonomy.

Like the old system of using the appropriate Medicaid provider number that aligns with the service, providers will soon become familiar with using the appropriate taxonomy that aligns with the service.

3. **How do providers verify their taxonomies in ProviderOne?**

DSHS assigned taxonomies to each provider NPI based on how the provider was configured in the current Medicaid payment system. That is, state defined type and specialty were mapped to equivalent federal taxonomy codes with the resulting federal taxonomies assigned to the provider's new NPI. Registration is the process of validating all of a provider's converted information, including state-assigned taxonomy. Additionally, DSHS has developed a web based taxonomy tool that will allow providers to download a list of taxonomies assigned to them by DSHS. You can access the tool with your tax ID information at <https://fortress.wa.gov/dshs/npicaphrsa>

4. **Why didn't DSHS convert the existing provider type and specialty, and load in ProviderOne?**

DSHS converted the existing provider type and specialty information from the current Medicaid payment system into the new nationally recognized, HIPAA-compliant taxonomy codes in ProviderOne. When a provider obtained fewer NPIs than current Medicaid provider numbers, DSHS consolidated the resulting taxonomies under a single NPI. Registration is the process providers need to complete to ensure that the selections DSHS made during the data conversion process are correct.

5. **How do providers view descriptions for federal taxonomy codes?**

Descriptions for each federal taxonomy code are administered at the federal level by Health and Human Services (HHS). A complete list and descriptions may be found at <http://www.wpc-edi.com/taxonomy>.

¹ For more information about the registration process, refer to <http://hrsa.dshs.wa.gov/ProviderOne/Registration.htm>.

6. Why are only some federal taxonomy codes available in ProviderOne?

With thousands of taxonomy codes defined at the national level, DSHS selected only the taxonomy codes applicable to DSHS-covered services. Therefore, only a sub-set of national codes are recognized as valid taxonomy codes for DSHS-covered services and payment.

7. What should providers do if their billing software is pre-programmed with a taxonomy code that is not on the DSHS selected list?

Unfortunately, providers in this situation will need to change their systems in the short-term to support processing of Medicaid claims in ProviderOne starting at go-live. DSHS has no automated way of knowing which taxonomies providers used when obtaining NPIs at the national level – there is no national database for accessing taxonomies from the Centers for Medicare and Medicaid Services (CMS). Therefore, DSHS assigned taxonomies based on how the state knows each provider today. Additionally, it is a significant system change to ProviderOne to add taxonomies, as it would require changes to ProviderOne software programming. However, DSHS will consider adding requested taxonomies twice a year – each January and July, starting in July 2010. This is the same frequency that taxonomy codes are updated by the National Uniform Claims Committee (NUCC) (see related Question #8). In the meantime, during registration, please validate the DSHS-assigned taxonomy (or select a taxonomy code from the DSHS-approved taxonomy list) and use that taxonomy when billing.

8. How often will DSHS update its list of adopted taxonomy codes?

DSHS considers taxonomy updates from the National Uniform Claims Committee (NUCC) twice a year (in January and July). DSHS will adopt NUCC updates if the update is applicable to DSHS-covered services. To date, none of the NUCC changes have been relevant to DSHS-covered services.

9. Can providers request the addition of federal taxonomy codes to ProviderOne?

Yes, providers can request DSHS to add a federal taxonomy code. Such changes will be considered in conjunction with federal changes made twice a year (in January and July) by the National Uniform Claims Committee (NUCC). The first time provider-requested changes will be considered in July 2010.

10. Can DSHS post a list of taxonomy codes mapped to allowed procedure codes?

Unfortunately, publishing such a list is not feasible at this time. Consider that there are thousands of service codes and thousands of taxonomy codes, making a published list impractical. In general, the taxonomy code description aligns with the category of service. For example, DME taxonomy aligns with DME services, inpatient taxonomy aligns with inpatient services, etc.

11. Will DSHS require taxonomy on Medicare crossovers and Third Party Liability (TPL) claims?

Yes, DSHS requires taxonomy on Medicare crossovers. Providers must include taxonomy on Medicare claims when the client is also eligible for Medicaid as a secondary payer. CMS will pass the taxonomy on Medicare claims to DSHS. If taxonomy is missing on Medicare claims passed to DSHS, these claims will deny.

DSHS does not receive TPL claims directly from other payers (other than Medicare). When billing DSHS directly for TPL coverage, follow DSHS rules about taxonomy (i.e., make sure the taxonomy is associated with the provider and that the taxonomy description aligns with the service).

- 12. Will ProviderOne claim processing look at the group taxonomy, the performing provider's taxonomy, and/or referring provider's taxonomy?**

DSHS requires taxonomy for the billing provider AND servicing provider, if the claim includes a servicing provider. Taxonomy is NOT required for the referring provider.

- 13. What level of taxonomy specificity does DSHS require for claims processing (general category taxonomy or subspecialty taxonomy)?**

ProviderOne claims processing is specific to the 10-digit taxonomy. If you have a general and specialty taxonomy assigned, you should choose the one that is most descriptive of the service.